

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Maureen A. Plumb,

Petitioner-Appellant,

v.

Shelby County Board of Review,

Respondent-Appellee.

ORDER

**Docket No. 09-83-0097
Parcel No. 831114101005**

On November 19, 2010, the above-captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellant, Maureen A. Plumb was represented by Lyle Ditmars, of Peters Law Firm PC, Council Bluffs, Iowa. The Shelby County Board of Review designated County Attorney Marcus Gross, Jr. as its legal representative. Both parties submitted evidence to support their position. The Appeal Board having reviewed the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Maureen A. Plumb is the owner of residentially classified property located at 1149 1100th Street, Harlan, Iowa. According to the property record card the improvements consist of a one-story home built in 1990, having 3438 square-feet of above grade living area and a full basement with 1300 square feet of living-quarters finish. The exterior of the home is almost entirely brick veneer. There is a three-car, a 1048 square-foot attached garage, a 404 square-foot vinyl deck, and a 128 square-foot patio. The site is 4.16 acres.

Plumb protested to the Shelby County Board of Review regarding the 2009 assessment. The January 1, 2009, total assessment of Plumb's property was \$507,792 allocated as follows: \$48,000 in

land value and \$459,792 in improvement value. Plumb's claim was based on the following grounds: 1) that the assessment is not equitable as compared with the assessments of other like property in the taxing district under Iowa Code section 441.37(1)(a); 2) that the property is assessed for more than the value authorized by law under section 441.37(1)(b); 3) that the property is not assessable, is exempt from taxes or is misclassified under section 441.37(1)(c); and 4) that there is an error in the assessment under section 441.37(1)(d). While the alleged errors were not clearly stated, the letter attached to the petition indicated an error in the fireplace count and that the vinyl deck was a replacement, not an addition as noted on the property record card. In her petition, Plumb sought relief to a total assessed value of \$340,700. The Board of Review granted some relief reducing the total assessment to \$493,028.

In her appeal to this Board, Plumb reasserted only the grounds of inequity and over-assessment, but asks for the same total assessed value of \$340,700.

Plumb offered an appraisal completed by Kevin J. McRoberts, with McRoberts and Associates, LLC, Des Moines, Iowa. McRoberts valued the Plumb property at \$378,000 as of January 1, 2009. He relied solely upon the sales comparison approach and did not develop the cost or income approaches to value. McRoberts considered seven properties as comparable in his analysis. However, he did not provide a complete address, a location map, or photos of all seven properties. When asked during testimony, McRoberts was unable to recall what town any of the properties were located in.

McRoberts reported the subject property is a 3438 square-foot, custom home, built in 1990. The sales McRoberts included for analysis range in gross living area (GLA) from 2096 to 3808 square feet. We note the median GLA is roughly 2140 square feet. The sales occurred between April 2005 to October 2008 and range in age of year built from 1982 to 2002. There is no additional pertinent information provided about the properties, such as quality of construction, condition, style or amenities. McRoberts was unable to answer questions about the features of these properties or how

they compared to the subject property. His report had only three comparable photographs. We did not find the photos to be representative of similar quality and style improvements to the subject property.

No adjustments were made to the comparables for any elements of comparison. We find this methodology atypical of a residential analysis.

McRoberts simply took the sale prices of the properties divided by their GLA to arrive at a price per square foot, which ranged from \$95 to \$165. The median price per square foot was \$102.5 and the average price per square foot was \$117. McRoberts reconciles this limited analysis to a tighter range of \$101 to \$106 per square foot, yet selects a value of \$110 per square foot, or \$378,000, as his final value conclusion.

McRoberts report is lack information, has inconsistencies, is incomplete, and offers no meaningful or supported analysis. His testimony had similar problems. We give his appraisal report no consideration.

Plumb did not offer any evidence regarding inequity.

The Shelby County Board of Review submitted an appraisal by Ted Goslinga, of Vanguard Appraisals, Cedar Rapids, Iowa. Goslinga developed both the sales comparison and cost approach to value. He did not develop the income approach. He valued the property by the sales comparison approach at \$465,000 and by the cost approach at \$466,000. He reconciled these approaches to a single value of \$465,000, as of January 1, 2009.

Goslinga considered four properties for comparison all from the Council Bluffs, Iowa area located roughly 45-50 miles southwest of Harlan, Iowa. These homes range in total GLA from 2125 to 3931 square feet and were built from 2003 to 2006. They sold between May 2009 and June 2010 with sales prices ranging from \$465,000 to \$740,000. Goslinga provides photos of the four properties, which do appear to offer more similarities in style and overall quality to the subject property, than the properties submitted by McRoberts. However, similar to McRoberts, Goslinga fails to provide in the

appraisal any pertinent information about the properties he considered for comparison. There is no information about the interior quality of the properties, their condition, site appeal or amenities. Goslinga did not make any adjustments to the properties for differences in room count, quality, site size or amenities. He did however make an adjustment to his conclusion of value for age/condition and location. Similar to our concerns with McRoberts appraisal, we find this troubling in a residential analysis.

Goslinga, like McReynolds, took the unadjusted price per square foot of his comparables which ranged from \$188.25 to \$226.42 and selected the median of \$218.90 as his premise for the market value of the subject. From this median he subtracted 30% for location as all the sales he selected were from a superior community with higher overall values, appeal, and amenities. He presented information on how he extracted this adjustment. Goslinga also subtracted an additional 10% from the median price per square foot to reflect depreciation considered with age and condition. His final indicated value of the subject is \$131.34 per square foot, which he applies to the 3540 GLA of the subject to arrive at a fair market value or \$465,000 (rounded).

We note that Goslinga did not consider, or apply any obsolescence in the market analysis to reflect the subject being an over-improvement or super-adequacy in the Harlan area. Both in his appraisal report and in his testimony Goslinga stated the subject property has external obsolescence associated with being over-built for the area.

Goslinga's development of the cost approach is at best, limited. He indicates that he used the *Iowa Real Property Appraisal Manual*, but did not indicate which Manual level. He is an appraiser with Vanguard Appraisals, Inc., which provides valuation services to many assessing jurisdictions, but did not include a cost worksheet in his appraisal report.

In the development of his cost analysis, Goslinga applies a 20% adjustment to the subject property to reflect the external obsolescence. When questioned why this wasn't applied in the sales

comparison analysis, Goslinga was unable to answer. While he did not provide specific data to support his 20% external obsolescence adjustment, he testified that this adjustment was based upon his years of experience and analysis of other properties that were also over-built.

Goslinga gives most consideration to the sales comparison approach with and limited consideration to his cost analysis. We agree with this method. He admitted that the subject property was over-improved, yet he failed to consider this factor within the sales comparison analysis. While we find his appraisal report and analysis wanting, it is the best evidence before us. But we find his final opinion of value does not accurately reflect the subject property's over-improvement or external obsolescence, which Goslinga determined to be 20% of the improvement value. As such, we modify his final conclusion to rectify this error as follows:

$\$465,000$ (total value) - $\$56,000$ (site value) = $\$409,000$ (improvement value)

$\$409,000 \times 0.80 = \$327,200$ (improvement value reflective of external obsolescence)

$\$327,200$ (new improvement value) + $56,000$ (site value) = $\$383,200$ (total assessment)

After reviewing all the evidence, we find sufficient evidence has been presented to support a claim the subject property is assessed for more than authorized by law. We gave consideration to Goslinga's appraisal with modification to rectify the failure to apply external obsolescence to the market data.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2009). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the

property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).


In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).


In an appeal that alleges the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(b), there must be evidence that the assessment is excessive and the correct value of the property. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Plumb offered an appraisal completed Kevin McRoberts. We find the McRoberts appraisal had limited reliability, and therefore we give no weight to this evidence. The Shelby County Board of Review provided an appraisal completed by Ted Goslinga. We find Goslinga's appraisal to be the most persuasive evidence before us, but it required an adjustment, supported by the record, to rectify an omission. Goslinga testified the subject property was an over-improvement for the area, and required a 20% external obsolescence adjustment. But he failed to apply this adjustment to his sales comparison analysis. Once the correction is applied, we find the correct value for the subject property as of January 1, 2009, is \$383,200.

THE APPEAL BOARD ORDERS that the assessment of Maureen A. Plumb's property located at 1149 1100th Street, Harlan, Iowa, be modified to a total value of \$383,200; representing \$56,000 in land value and \$327,200 to the improvements as of January 1, 2009.

The Secretary of the State of Iowa Property Assessment Appeal Board shall mail a copy of this Order to the Shelby County Auditor and all tax records, assessment books and other records pertaining to the assessments referenced herein on the subject parcels shall be corrected accordingly.

Dated this 29 day of December, 2010


Karen Oberman, Presiding Office


Richard Stradley, Board Member

Cc:

Lyle Ditmars
Peters Law Firm, PC
233 Pearl Street
Council Bluffs, Iowa 51503
APPELLANT

Marcus Gross, Jr.
1006 8th Street
PO Box 716
Harlan, Iowa 51537
ATTORNEY FOR APPELLEE

Marsha Carter
612 Court Street
Harlan, IA 51537
AUDITOR

Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>12-29</u> , 2010	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	